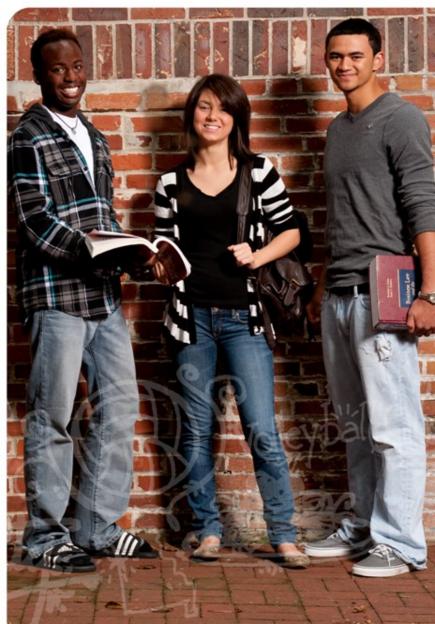
MISSOURI DEPARTMENT OF HIGHER EDUCATION









Testimony by David Russell and Paul Wagner to the Joint Committee on Education, Oct. 24, 2012

A National Movement

- Many states have historically funded institutions based on inputs – credit hours delivered, enrollment or institutional costs.
- Policymakers increasingly demand that funding follow performance
- Many states have or are transitioning
- Tenn, Washington, Ohio, Indiana, Florida, Penn, Virginia, Mass, Kentucky, Arizona

Missouri's Performance Funding Timeline

- 1997 2000 "Funding for Results"
- 2000 State budget forces cuts to institutions' core appropriations
- 2008 CBHE adopts the Higher Education Funding model, which incorporated performance funding

Missouri's Performance Funding Timeline

- Aug. 2011 Gov. Nixon calls on higher education to develop a performance funding model
- Sept. 2011 -- Commissioner of Higher Education David Russell appoints the Performance Funding Task Force

The Participants

- Stacey Preis, Joint Committee on Education
- Mike Price, Mo. House of Representatives
- Trevor Foley, Mo. Senate
- Paul Wagner, MDHE
- Zora Mulligan, MCCA
- Brian Long, COPHE
- Mike Nietzel, Office of the Governor

The Participants, cont'd

Community Colleges:

- Hal Higdon, OTC
- Evelyn Jorgenson, Moberly
- Carla Chance, StLCC
- Tuesday Stanley, Metropolitan
- Alan Marble, Crowder
- John Nilges, Linn State Technical College

The Participants, cont'd

Universities

- John Jasinski, Northwest
- Ken Dobbins, SEMO
- Dave Rector, Truman State
- Nikki Krawitz, UM System

The Process

- Feb. 2011 Task Force begins meeting
- Dec. 2011 Draft recommendations to CBHE
- April 2012 CBHE approves Task Force recommendations
- April-Oct 2012 MDHE/institutions do a test-run of the model
- Oct. 2012 FY 2014 budget request includes 3% increase for performance funding

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The Principles

Key characteristics of performance indicators:

- Reliance on existing and externally validated data
- Alignment with established statewide goals
- Straightforward in nature and easily understood

The Mechanics

- Performance funding will only involve new funding above the base appropriations
- The amounts allocated for performance funding will not exceed 2-3% of the base
- Performance funding gained in one year will become part of the base in subsequent years
- STEM- additional weight will be given for performance in STEM fields where relevant

The Mechanics

- 2013 is the baseline year
- Success defined as improvement of each institution over its previous year's performance
- Performance funding will only apply to a <u>portion</u> of <u>new</u> appropriations and will not apply to base appropriations
- Each institution will use 5 performance measures

Most are from the National Community College Benchmarking Project

- 1) Three-year completion rate for first-time, full-time entering students.
 - Includes certificates and degrees, and transfer to a 4-year institution
 - Better tracking with independent institutions

- 2) Percentage of students who successfully complete their last developmental <u>English</u> course, who then successfully complete their first college-level <u>English</u> course.
- 3) Percentage of students who successfully complete their last developmental <u>math</u> course who then successfully complete their first college-level <u>math</u> course.

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- 4) Percentage of career/technical graduates who pass their required licensure/certification examination.
- For fields where the test is required to work in the field
- Mostly allied health and public safety
- High stakes tests

- 5) Financial Responsibility and Efficiency
- Institution-specific measure
- Most involve a measure of the number of credit hours completed per \$100,000 of state appropriations

Linn State Technical College Performance Measures

- 1) Three-year graduation rate
- 2) Freshman-to-sophomore retention
- 3) Job placement (180 day follow-up)
- 4) Major field assessments, and/or
- 5) Professional/occupational licensure tests

- 1) Student Success and Progress
 - a. Freshman to sophomore retention, or
 - b. First-time, full-time freshmen successfully completing 24 hours in their first academic year.

- 2) Increased Degree Attainment
 - a. Total degrees awarded, or
 - b. Six-year cohort graduation rates

- 3) Quality of Student Learning
 - a. Improvements in assessments of general education, or
 - b. Improvements in assessments in the major field, or
 - c. Improvements on Professional/occupational licensure tests

- 4) Financial Responsibility and Efficiency
 - a. Percent of total education and general expenditures expended on the core mission (instruction, research, and public service), or
 - b. Increase in educational revenue (state appropriations plus net tuition revenue) per full-time equivalent student at or below the increase in the consumer price index.

 5) Mission-Specific – Each institution chooses one mission-related measure subject to approval by the Coordinating Board.

Examples of Mission-Specific Measures

- MSU Number of graduates in STEM, health care and other critical disciplines needed in the future workforce
- UCM Number of graduates earning degrees in professional and applied technology disciplines
- UM Federally financed research and development expenditures

Sustained Excellence

If there is not improvement over the previous year,

- Performance is compared to a national comparator group
- Performance in the top third of the comparator group achieves the threshold for sustained excellence

